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Editorial Policy

This report is intended to present our stakeholders with an organized summary of the measures and conceptual approaches taken by Sumitomo Heavy Industries Group in our environmental activities and social contribution activities.

At present we are taking measures toward achieving the objectives of the 4th Medium-Term Environmental Plan (FY2014-2016).

We hope to give our readers an understanding of an overview of the 4th Medium-Term Environmental Plan.

To that end, we have sought to make the report accessible by using plain and concise language and by making frequent use of graphs, illustrations and photographs.

Further, when issuing this report, we consulted the Environmental Reporting Guidelines (2012) and the Environmental Accounting Guidelines (2005) from the Ministry of the Environment.

Scope of the report

Sumitomo Heavy Industries, Ltd. and its group companies

Period covered by this report

April 1, 2015 – March 31, 2016

Previous issue: October 2015

Current issue: September 2016

Disclaimer

This report contains not only facts relating to the past and present of Sumitomo Heavy Industries Group but also plans, forecasts, and projections based on management plans and management policy at the time of publication. These plans, forecasts and projections are assumptions and judgments based on available information at the time of writing, and results or matters pertaining to future business activities may differ materially from the descriptions due to changing conditions.

Additionally, further examination of past data may lead to results that differ from values given in past Environmental Sustainability Reports.

Message from the President

With our foundation in the Sumitomo Business Spirit, we will go on providing “first-class products” and services that contribute to the realization of a sustainable society.

I would like to say thank you to all our stakeholders: Your long-standing support and understanding of our Group's corporate activity are greatly appreciated.

The Sumitomo Heavy Industries Group established the Corporate Governance Basic Policy of Sumitomo Heavy Industries in November 2015. Regarding initiatives to address environmental problems, this Basic Policy specifies that:

“By formulating a Medium-Term Environmental Plan in addition to establishing the Sumitomo Heavy Industries Group Environmental Policy, we will take positive, active measures to resolve environmental problems.”

All members of the Group are acting as one to this end.

As to our specific activities, these have been promoted in the 4th Medium-Term Environmental Plan (FY2014-2016). The 4th Medium-Term Environmental Plan sets forth the following basic policies:

- Promote environmental risk management
- Contribute to achievement of a low-carbon society
- Realize a resource-recycling society
- Contribute to local communities and take measures for biodiversity

In fiscal year 2016, which is the plan's final fiscal year, we will take steps to pursue these policies and further promote environmental activities at Group companies, including those in other countries.

The business environment for the Sumitomo Heavy Industries Group is changing moment by moment, and societal demands are also changing day by day. Under these circumstances, and in light of the management situation and changes in the business environment, we took steps in 2015 to revise the Group management philosophy for the first time in 16 years. As we go forward, we will take this management philosophy as the focal point for our business activities as well as the starting position for Sumitomo Heavy Industries Group employees.

The environmental programs we have been pursuing in the Group, including our activities to prevent global warming, have always been in response to important societal demands. They have also always been in accord with the “Sumitomo Business Spirit” as well as with our new management philosophy, which declares, “Taking integrity as our principle, we will earn the high regard and trust of all our stakeholders and contribute to society.”

I myself have a very keen awareness of the importance of environmental activities. Therefore I will conscientiously and steadfastly make every effort to see that the top management in each business division and every Group company as well as all the Sumitomo Heavy Industries Group employees engage in specific implementation of these activities.

In furthering the various environmental activities of the Sumitomo Heavy Industries Group described in the FY2016 edition of our Environmental Sustainability Report, I will base our approach on the recently revised management philosophy. I intend to communicate the 4th Medium-Term Environmental Plan to employees in simple, readily understandable terms so that we can elicit the maximum energy and capacity from every individual.

Here at the Sumitomo Heavy Industries Group, we hope that our efforts will result in even more of our stakeholders gaining an awareness of the Group's activities. We will then hear more of your opinions to incorporate into various of our activities, furthering our ceaseless efforts to reform ourselves, as we steadily move toward realization of the Group's objectives.

We appreciate your opinions and advice, and we will be very pleased to draw on them for our future initiatives.

President and CEO

